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C O N F I D E N T I A L TAIPEI 002595

SIPDIS

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SUBJECT: PREMIER HSIEH SPEAKS ON CROSS-STRAIT OPENING.

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Classified By: AIT Director Douglas Paal. Reasons E.O. 12958, 1.4 (b,d)

1. (C) MAC chairman Joseph Wu sent us Sunday his proposed text for the Premier's remarks reported reftel. After opening with a recitation of all the difficulties that the PRC has posed for cross-strait contacts, the speech then says that Taiwan is ready to move forward on cross-strait charter cargo flights using the approach that was successful in arranging the passenger charter flights for the 2005 Chinese New Year, with each side represented by an industry association including government transportation officials. The flights would be "by both sides, in both directions, without intermediate stops," and Taiwan hopes that the PRC will have a concrete response. However, the speech makes no reference to the PRC interest in renewing cross-strait charter flights, an omission that Wu told DDIR Monday was intentional.

2. (C) The speech then recites all the reasons why agricultural exports to mainland China are both unimportant to Taiwan economically and difficult to implement. It mentions that any opening will require detailed consultations between the Council of Agriculture and the MAC to establish various regulations and suggests that Premier Hsieh had already suggested the "International Trade Association," the Taiwan External Trade Development Council (TAITRA) is very experienced at such international trade. (Note: TAITRA Chairman Hsu Chih-jen has taken a strongly negative view on cross-strait economic relations both in his current position and in his previous job as a senior official in the Presidential Office. Hsu is Chen Shui-bian's college roommate. End Note.). Finally on PRC tourists, the speech notes that the PRC has restricted the number of tourists it has allowed to travel to Taiwan and that there are a wide variety of difficult issues that would need to be resolved before tourism could be expanded, including perhaps requiring tourists to post a security bond. This issue too will require extensive interagency coordination. The speech then closes by expressing a hope for a positive PRC response.

3. (C) MAC Chairman Wu insisted that the speech was intended to express a positive opening toward the PRC. He said that Taiwan is prepared to apply the "Macau Model" for talks on all three subjects, and he is confident that the PRC will understand that. Wu added that the PRC State Council's Taiwan Affairs office is scheduled to have a press conference on June 15, and he hoped that they would express a readiness to use the "Macau Model." If they do, then it should be possible to make progress fairly rapidly. If, on the other hand, they insist on picking which Taiwan organizations they will deal with, that will be a sign of difficulties.

4. (C) When DDIR pointed out that he found it very difficult to find the openness and optimism of Wu's oral presentation is the bureaucratism of the speech text, Wu said that he did not expect Hsieh to read the speech directly. Rather he expected Hsieh to use his usual approach of putting the ideas in his own words, stressing how these approaches fit into his emphasis on reconciliation (he-xie). In fact, Wu had urged him to take exactly that kind of extemporaneous approach, which would produce a much more upbeat message.

5. (C) Comment. It is impossible to predict how much of this will actually come across when the speech is finally delivered later this evening Taipei Time. Since the Premier knows there are many pro-DPP tourism industries, fruit and other exporters, and Taishang interested in taking advantage of the openings, it is possible he will indeed pursue a more oblique or accommodating tack in the actual speech. We will report on the speech and reactions Tuesday our time.
PAAL